

Message Text

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ACTION TRSE-00

INFO OCT-01 AF-06 EUR-12 EA-06 NEA-09 ISO-00 OPIC-03

AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FEAЕ-00 FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00

NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15

STR-01 FRB-01 PA-01 PRS-01 USIA-06 /113 W

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R 091600Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7112

INFO AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY CAIRO

AMEMBASSY BEIRUT

AMEMBASSY ALGIERS

AMEMBASSY DAMASCUS

AMEMBASSY TUNIS

AMEMBASSY JAKARTA

AMEMBASSY KHARTOUM

AMEMBASSY AMMAN

AMEMBASSY KABUL

AMEMBASSY ISLAMABAD

AMEMBASSY SANAA

AMEMBASSY RABAT

AMEMBASSY COLOMBO

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

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DEPARTMENT PASS TREASURY

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E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: TRIPARTITE INVESTMENT IN LDC'S UTILIZING MIDDLE
EAST OIL FUNDS

REF: STATE 281356

1. JUST ABOUT EVERY SERIOUS PRIVATE FINANCIAL INSTITUTION IN LONDON WITH WHOM WE HAVE SPOKEN ON THE SUBJECT IS INTERESTED IN PARTICIPATING IN TRIPARTITE INVESTMENT, MOST IN AN INTERMEDIARY, INVESTMENT/MERCHANT BANKING CAPACITY. THE LARGEST AND BEST-KNOWN INTERNATIONALLY DO HAVE AN EDGE ON THE OTHERS. SOME OF THESE HAVE HISTORIC LINKS IN THE MIDDLE EAST; OTHERS ARE CURRENTLY ESTABLISHING

OFFICES. EMBASSY WAS FORTUNATE TO HAVE HAD RECENT VISIT HERE OF TWO TREASURY OFFICIALS, NEWMAN AND ANDERSON, WITH WHOM WE VISITED MORGAN GRENfell; OPPENHEIMER & CO.; SCHRODER WAGG; UBAF LTD.; CROCKER NATIONAL BANK; CITICORP INTERNATIONAL DEVELOPMENT; S.G. WARBURG; FIRST BOSTON AND THE BANK OF ENGLAND. THE PRIVATE INSTITUTIONS ARE VERY INTERESTED IN DOING WHAT THEY CAN, EITHER FROM LONDON, OR IN SETTING UP OFFICES IN THE MIDDLE EAST, OR IN ADVISING ARAB GOVERNMENTS AS MEMBERS OF SEMI-OFFICIAL INVESTMENT BODIES. THEY MAINTAIN CLOSE CONTACT WITH CORPORATE CLIENTS THAT CAN OFFER TYPE OF PROJECTS THAT WOULD INTEREST ME LDCS, OR OIL PRODUCERS THEMSELVES, THEN TRY AND PUT THE DEALS TOGETHER.

2. THE BANK OF ENGLAND CONSIDERED THAT THE U.S. WAS PROBABLY PROCEEDING THE RIGHT WAY IN ATTEMPTING TO BRING ABOUT TRIPARTITE INVESTMENT AND COULD NOT OFFER ANY SPECIFIC SUGGESTIONS FOR IMPROVEMENT. SINCE THEN, THE U.K., AS A RESULT OF CHANCELLOR HEALEY'S TRIP TO SAUDI ARABIA, HOPES TO SET UP A BILATERAL COMMISSION WITH THE SAUDIS IN FEBRUARY.

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R 091600Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7113

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3. ON RELATED POINT U.K. OFFICIALS FAMILIAR WITH AREA

NOTE THAT SAUDIS SEEM TO PREFER "UMBRELLA CONCEPT" FOR
THEIR OWN DEVELOPMENT PROJECTS, I.E., THEY WANT A BILAT-
ERAL ARRANGEMENT WHEREBY OTHER GOVERNMENT WILL PLAY A ROLE
IN DECIDING WHICH OF ITS NATIONAL FIRMS WILL GET THE CON-
TRACTS, PROVIDE SERVICES, ETC. BEYOND THIS, SENIOR U.K.
GOVERNMENT FINANCIAL OFFICIALS ARE PERIODICALLY VISITING
OIL PRODUCING COUNTRIES AIMED AT EXTOLLING THE BENEFITS
OF USING SERVICES OF THE CITY OF LONDON.

4. IN ATTEMPT TO BE AS RESPONSIVE AS POSSIBLE TO WASHINGTON'S REQUEST, FINANCIAL ATTACHE HAD FURTHER CONVERSATION ON TRIPARTITE INVESTMENT WITH HENRY TURNER, MIDDLE EAST ADVISOR AT BANK OF ENGLAND. TURNER DID NOT HAVE ANY THOUGHTS IN ADDITION TO THOSE ALREADY EXPOUNDED TO MESSRS. NEWMAN AND ANDERSON. HOWEVER, ONE ADDITIONAL POSSIBILITY FOR INTERMEDIARY INVOLVEMENT WAS IDENTIFIED, RE PARA 4 B REFTEL, THE COMMITTEE ON MIDDLE EAST TRADE (COMET) HEADED BY LORD CHARLES DENMAN, AN INFLUENTIAL CITY PERSONALITY. DENMAN ACCCOMPANIED BANK OF ENGLAND GOVERNOR RICHARDSON ON LATTER'S VISIT TO SAUDI ARABIA IN 1973. COMET IS DESIGNED TO PROMOTE U.K. EXPORTS TO MIDDLE EAST, APPARENTLY RECEIVES A GRANT FROM H.M. TREASURY TO ASSIST IT. TURNER NOTED THAT COMET IS NOT AN INVESTMENT INSTITUTION, BUT IS KNOWLEDGEABLE ABOUT ACTIVITIES IN THE AREA AND MIGHT BE HELPFUL. FINANCIAL ATTACHE HAS APPOINTMENT WITH DENMAN NEXT WEEK, WILL REPORT FURTHER IF ANY MEANINGFUL ADDITIONAL MATERIAL IS DEVELOPED.

5. BANKS FROM OIL PRODUCING COUNTRIES ESTABLISHED IN LONDON (THERE ARE 4 IRANIAN AND 2 KUWAITI BANKS HERE) MIGHT ALSO BE USEFUL, AS POSSIBLY WOULD BE THE KUWAIT INVESTMENT OFFICE. HOWEVER, EMBASSY HAS NOT ATTEMPTED TO CONTACT THESE SINCE THEY ARE CONTROLLED BY HEADQUARTERS OR PARENTS IN NATIONAL CAPITALS WITH WHICH U.S. EMBASSY IN PLACE HAVE CLOSER CONTACTS AND PRESUMED TO BE BETTER QUALIFIED TO JUDGE POINTS AND ENQUIRIES MADE IN REFTEL. FOR MORE DETAILS, NOVEMBER ISSUE OF BANKER MAGAZINE CONTAINS A SURVEY OF FOREIGN BANKS IN LONDON, NAMES, ADDRESSES. LIMITED OFFICIAL USE

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SES, SENIOR OFFICIALS, TELEPHONE AND TELEX NUMBERS.
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Draft Date: 09 JAN 1975
Decaption Date: 01 JAN 1960
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Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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TAGS: EFIN, EAID, UK, US, XF, (GRENfell, MORGAN), (TURNER, HENRY)
To: STATE
Type: TE
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